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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/001,900	11/14/2001	Steven M. Bloom	09857-073001	8995

26161 7590 12/17/2007  
FISH & RICHARDSON PC  
P.O. BOX 1022  
MINNEAPOLIS, MN 55440-1022

EXAMINER

CHANDLER, SARA M

ART UNIT	PAPER NUMBER
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3693

MAIL DATE	DELIVERY MODE
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12/17/2007

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	Application No. 10/001,900	Applicant(s) BLOOM ET AL.	
	Examiner Sara Chandler	Art Unit 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 31 October 2007.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1,2,4-8,10-13,15-19 and 21-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-2, 4-8,10-13, 15-19, and 21-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)  | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date <u>10/31/07</u> . | 6) <input type="checkbox"/> Other: _____  |

## DETAILED ACTION

### ***Response to Amendment***

This Office Action is responsive to Applicant's arguments and request for continued examination of application 10/001,900 (11/14/01) filed on 10/31/07.

### ***Claim Interpretation***

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow.

See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. See MPEP 2106 II C. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP 2106 II C.

Language in a method claim that states only the intended use or intended result (e.g., "for \_\_\_\_\_"), but the expression does not result in a manipulative difference in the steps of the claim. Language in a system claim that states only the intended use or intended result (e.g., "for \_\_\_\_\_"), but does not result in a

structural difference between the claimed invention and the prior art. In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

Claim limitations that contain statement(s) such as "*if, may, might, can could*", as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

Claim limitations that contain statement(s) such as "*wherein, whereby*", that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) "adapted to" or "adapted for" clauses,
- (C) "wherein" clauses, or
- (D) "whereby" clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct

inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

### ***Double Patenting***

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 1-26 are rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-18 and 20-34 of U.S. Patent No. 7,249,086. Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to a creation unit basket of securities for a first fund (or financial product) having a basis that is substantially the

same basis as a creation unit basis for a second fund (or financial product) that is traded on a second marketplace in a different country than that of the first fund (or financial product) and in this environment securities for a first fund (or financial product) can be exchanged for securities for a second fund (or financial product).

Claims 1-12 provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-12, respectively of copending Application No. 10/077,182. Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to a: creation unit basket of securities for a first fund having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund; and delivering a prescribed number of shares to account for cash that may be owed between the agent and the participant.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

#### ***Claim Objections***

Claims 1, 18 is objected to because of the following informalities: "a second different country" should be -- a second country --

Claims 2,5, 8 and 13 are objected to because of the following informalities: "the cash owed" should be -- the cash amount owed --.

Claim 6 is objected to because of the following informalities: "maximum amount" should be -- a maximum cash amount --

Claims 6, 11, 16 is objected to because of the following informalities: "prescribed amount" should be -- prescribed number --

Claims 7 and 12 are objected to because of the following informalities: "a different country" should be -- a second country --

Claim 7 is objected to because of the following informalities: "the second fund" should be -- the second financial product --

Claims 12 is objected to because of the following informalities: The claims recites "a second, number." The comma makes the intent and purpose of the phrase unclear.

Claims 17 is objected to because of the following informalities: "the market participant" should be -- the participant --

Also, should "first financial product to" be -- first financial product given to -- or -- first financial product provided to --.

Claims 18 and 23 are objected to because of the following informalities: "to account for cash" should be -- to account for the cash --.

Claims 19 is objected to because of the following informalities: "agent" should be -- the agent --. "first exchange traded fund equated to second exchange traded fund" should be -- the first exchange traded fund equated to the second exchange traded fund --.

Appropriate correction is required.

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1,7 and 23 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

(1) Fails to provide a 'useful, concrete, and tangible result'

The claimed invention as a whole must be useful and accomplish a practical application. That is, it must produce a "useful, concrete and tangible result." State Street, 149 F.3d at 1373-74, 47 USPQ2d at 1601-02. The purpose of this requirement is to limit patent protection to inventions that possess a certain level of "real world" value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for further investigation or research (Brenner v. Manson, 383 U.S. 519, 528-36, 148 USPQ 689, 693-96 (1966). See also, MPEP § 2106.

Re Claims 1 and 7: The claims fail to provide a "useful result" because they can be read so broadly as to include statutory and nonstatutory subject matter. In both cases the claims are conclusory and merely state the goal be achieved. (See preemption discussion). The claims fail to provide a "concrete result" because they are not substantially repeatable and they cannot substantially produce the same result again. In the case of claim 1, (a) The first limitation relies on actions by a person that may or may not happen (i.e., "delivering by a market participant...", (b) The second limitation (i.e., delivering a prescribed number of shares..." is dependent on an intended use/result (i.e., to account for cash that is owed by the agent to the participant) but an intended use/result is neither guaranteed or required to occur. (c) The claim is indefinite because the meaning of terms in the claim is unclear (e.g., substantially). In the case of claim 7, (a) The only limitation (i.e., determine a second number of shares...." is

dependent on an intended use/result (i.e., to account for cash that is owed by the agent) but an intended use/result is neither guaranteed or required to occur. The limitation also relies on passive language that also not guaranteed or required to occur (e.g., to allow the agent to deliver a second number of shares.....) (b) The claim is indefinite because the meaning of terms in the claims are unclear (e.g., substantially).

(2) The claimed invention is not tied to a particular apparatus or operated to change materials to a different state or thing.

*In re Comiskey*, Fed. Cir. No. 2006-1286 (The patent office argued that Comiskey's independent claims were directed an unpatentable abstract idea, and not a patentable process, because they neither were tied to a particular machine nor operated to change materials to a different state or thing.) See also, MPEP § 2106.

Re Clams 1 and 19: Both claims are drawn to methods. The method claims rely on decisions and actions by people (i.e., the market participant and agent). The claims are recited in a way that does not make the actions of these people required (e.g., intended use/result language, passive language). In both cases the steps performed do not require any transformation (e.g., delivering does not transform the shares) and neither method claim has been tied to a machine (e.g., computer system).

### (3) Preemption

The courts have also held that a claim may not preempt ideas, laws of nature or natural phenomena. The concern over preemption was expressed as early as 1852. See *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852). See also, MPEP § 2106.

One may not patent a process that comprises every "substantial practical application" of an abstract idea, because such a patent "in practical effect would be a patent on the [abstract idea] itself" *Benson*, 409 U.S. at 71-72, 175 USPQ at 676, *cf. Diehr*, 450 U.S. at 187, 209 USPQ at 8. See also, MPEP § 2106.

Re Claim 1: The claimed invention recites two steps "delivering" and "delivering." These steps merely describe the goal to be achieved by the claimed invention but, fails to recite how those steps are implemented. For example, before any delivering can occur one must identify how they are getting a prescribed number of shares, a creation unit etc. Also, essential steps are missing. For example, the steps in the dependent claims such as calculating the amount of cash needed to be exchanged relies on the step of calculating the net asset value of the first fund at the close of trading in the second country in which the second fund is trading having already occurred in the independent claim.

Re Claim 7: The claimed invention recites a single limitation "determine a a second number of shares in the second fund...." The limitation describes the goal to be achieved by the claimed invention but, fails to recite how it is implemented. The claim limitation is also dependent on language that is not guaranteed or required to occur. The remainder of the claim limitation recites the intended use/result to desired, "to account for cash that is owed by an agent that issues the shares....." but an intended use/result is neither guaranteed or required to occur. The limitation also relies on passive language that is also not guaranteed or required to occur (e.g., to allow the agent to deliver a second number of shares.....)

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-26 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1,7,12,18 and 23 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01. The omitted steps are:

In claims 1,7,12,18 and 23 are conclusory without identifying the process necessary to arrive at that conclusion. For example, in claim 1, the ""delivering"" described is conclusory without identifying the process necessary to arrive at that conclusion. For example, before delivering can occur one must identify how they are getting a prescribed number of shares, a creation unit etc? What criteria is used for determining what the prescribed number of shares will be etc?

In claims 1,7,12,18 and 23, the claims make reference to intended use/intended results without giving any life or meaning to these statements in the claims. Also, the claims recites language that is passive in the claim because it could be done but, does not have to be done. For example, the claim recites, "to account for a cash amount owed....." but the claimed invention makes no reference to determining when and why a cash amount would even be owed, how the cash amount owed is calculated etc. For example, the claim recites, "to allow....." does not actually make the following statement a required act.

In claims 1,7,12,18 and 23, the dependent claims rely on certain steps and or elements that fail to occur in the independent claims (e.g., net asset value/value). For

example, the calculating the amount of cash needed occurring in 2,8,13,19 and 26 relies on the step of calculating the net asset value of the first fund at the close of trading in the second country in which the second fund is trading having previously occurred in the process. None of the independent claims address calculating the net asset value. Thus, dependent claims bear no relationship to the steps performed in the independent claim.

In claim 1, the preamble is drawn to a method of producing a financial product but the claimed invention fails to accomplish that result. How is the financial product produced?

Re Claims 1,7,12,18 and 23: For example, claim 1 recites the limitation "a creation unit basket of securities having a basis that is substantially the same basis as a creation unit basis for a second fund". Should this be -- a creation unit basket of securities having a basis that is substantially the same basis as a basis for a creation unit basket of securities for a second fund -- for claims 1 and a comparable change for other independent claims using their respective terminology?. If not, what is the difference between a basis and a creation unit basis? What is the standard that allows comparison between the creation unit basis and the creation unit basket of securities?

The term "substantially" in claims 1, 7,12, 18 and 23 is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. How is "substantially the same basis" measured?

Claims 2, 8, 13, 19 and 24 recite the limitation "the amount of cash needed to be exchanged". There is insufficient antecedent basis for this limitation in the claims. I.e., The cash amount referred to in the independent claims is the cash amount owed not, the cash amount needed.

Claims 2, 4-6, 8, 10-11, 13, 15-17, 19, 21-22 and 24-26 recite the limitation "cash", "cash amount" etc. Is this the cash amount owed? The cash amount needed? Or is it some other cash amount?

Claims 2, 8 and 13 recite the limitations "the net asset value of the second fund" and "the second country". There is insufficient antecedent basis for these limitations in the claims. Claims 19 and 24 recite the limitations "the net asset value of at the close of trading of the second exchange-traded fund" and "the second country". There is insufficient antecedent basis for these limitations in the claims.

Claims 4, 10 and 15 recite the limitation "the value of the first fund shares to the value of the second fund shares". Claim 25 recites the limitation "the value of the first exchange-traded fund to the value of the second exchange-traded fund". There is insufficient antecedent basis for this limitation in the claim. Is the value the net asset value or some other value?

Claims 6, 11, 22, 26 recite the limitation "transactions." There is insufficient antecedent basis for this limitation in the claim. Since there has been no prior reference to a transaction or transactions in the claim or the claims from which it depends, it is unclear what is referred to.

Claims 7,8,10,11, 15 recites the limitation "the second fund". There is insufficient antecedent basis for this limitation in the claim. Does applicant mean "the second financial product"? Note: Similar correction is needed in claims when referring to their shares (e.g. first financial product shares).

Claims 10,21 and 25 recite the limitation "the amount of cash exchanged in either direction." It is unclear what is meant by either direction. Are you talking about the direction of the transaction between parties (i.e., market participant to agent vs. agent to market participant)? Are you talking about increase (positive) vs. decrease (negative)? Please specify in the claim.

Claim 7,12 recite the limitation "the creation unit basis for a second financial product". There is insufficient antecedent basis for this limitation in the claim.

Claims 11,16 recite the limitation "the prescribed amount of first financial product shares". There is insufficient antecedent basis for this limitation in the claim.

Claim 12 recites the limitation "record the number of shares issued in the first financial product". This is indefinite because no shares were issued as a part of the claimed invention, it is thus unclear what shares are recorded.

Claim 15 recites the limitation "the first fund". There is insufficient antecedent basis for this limitation in the claim. Does applicant mean "the first financial product"? Note: Similar correction is needed in claims when referring to their shares (e.g. first financial product shares).

Claims 24 recite the limitation "the second country". There is insufficient antecedent basis for this limitation in the claim. Independent claim 23 makes no prior reference to a second country.

Dependent claims are further rejected based on the same rationale as the claims from which they depend.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**Claims 1-26** are rejected under 35 U.S.C. 103(a) as being unpatentable over Gastineau, US Pub. No. 2001/0025266 in view of "Exchange traded funds—the wave of the future ?," by Stuart M. Strauss. The Investment Lawyer. Englewood Cliffs: Apr. 2000. Vol. 7, Iss. 4.

**Re Claim 1:** Gastineau discloses a method of producing shares of a first fund that is traded on a first marketplace, the method comprising:

delivering by a market participant to an agent for the first fund, a creation unit basket of securities having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund (Gastineau, [0001] [0002] [0003] [0004]).

Gastineau fails to explicitly disclose:

delivering a prescribed number of shares in the first fund to the market participant, in exchange for the creation unit basket of securities and a second, number of shares in the second fund to account for cash that is owed by the agent to the participant.

Strauss discloses:

delivering a prescribed number of shares in the first fund to the market participant, in exchange for the creation unit basket of securities and a second, number of shares in the second fund to account for cash that is owed by the agent to the participant (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a method further comprising delivering a prescribed number of shares in the first fund to the market participant, in exchange for the creation unit basket of securities and a second, number of shares in the second fund to account for cash that is owed by the agent to the participant.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 7:** Gastineau discloses a computer program product residing on a computer readable medium, for administrating a first financial product that has shares traded in a first marketplace the first financial product based on a creation unit basket of securities having a basis that is substantially the same basis as the creation unit basis for a second financial product that has shares traded on a second marketplace in a different country (Gastineau, [0001] [0002] [0003] [0004]), the computer program product comprising instructions for causing a processor to:

Gastineau fails to explicitly disclose:  
determine a second, number of shares in the second fund to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares, to allow the agent to deliver second, number of shares in the second fund in lieu of the cash and a prescribed number of shares in the first fund to the market participant in exchange for the creation unit basket.

Strauss discloses:  
determine a second, number of shares in the second fund to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares, to allow the agent to deliver second, number of shares in the second fund in lieu of the cash and a prescribed number of shares in the first fund to the market participant in exchange for the creation unit basket. (Strauss, pgs. 1-3).

Intended Use: The claim makes several intended use statements which do not carry patentable weight (i.e., "a computer program product residing on a computer readable medium for"; "instructions for"). What follows the statement of intended use

(i.e., "for") does not carry patentable weight. The claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a computer program product comprising instructions for causing a processor to: determine a second, number of shares in the second fund to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares, to allow the agent to deliver second, number of shares in the second fund in lieu of the cash and a prescribed number of shares in the first fund to the market participant in exchange for the creation unit basket.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 12:** Gastineau discloses a system, comprises:  
a computer (Gastineau, Fig. 1, [0009] [0010] [0020] [0021]); and  
a storage medium storing a computer program product for administering a first financial product that has shares which are traded in a first marketplace the first financial product based on a creation unit basket of securities having a basis that is substantially the same basis as the creation unit basis for a second financial product that has shares that are traded on a second marketplace in a different country (Gastineau, abstract, [0010])

[0020]), the computer program product comprising instructions for causing a processor to:

Gastineau fails to explicitly disclose:

record the number of shares issued in the first financial product;

determine a second, number of shares in the second product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares to allow the agent to deliver the second, number of shares in the second product in lieu of the cash; and a prescribed number of shares in the first fund to the market participant in exchange for the creation unit basket; and  
record the number of shares delivered in the second product.

Strauss discloses:

record the number of shares issued in the first financial product (Strauss, pgs. 1-3);  
determine a second, number of shares in the second product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares to allow the agent to deliver the second, number of shares in the second product in lieu of the cash; and a prescribed number of shares in the first fund to the market participant in exchange for the creation unit basket (Strauss, pgs. 1-3); and  
record the number of shares delivered in the second product (Strauss, pgs. 1-3).

Intended Use: The claim makes several intended use statements which do not carry patentable weight (i.e., "a storage medium storing a computer program product for"; "instructions for"). What follows the statement of intended use (i.e., "for") does not carry patentable weight. The claimed invention must result in a structural difference

between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a computer program product comprising instructions for causing a processor to: record the number of shares issued in the first financial product; determine a second, number of shares in the second product to account for cash that is owed by an agent that issues the shares in the first financial product to a participant that receives the shares to allow the agent to deliver the second, number of shares in the second product in lieu of the cash; and a prescribed number of shares in the first fund to the market participant in exchange for the creation unit basket; and record the number of shares delivered in the second product.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 18:** Gastineau discloses a computer program product residing on a computer readable medium for administering a first exchange-traded fund, the computer program product (Gastineau, Fig. 1, [0009] [0010] [0020] [0021]), comprising instructions for causing a processor to:  
record creation of the first exchange-traded fund, the first exchange-traded fund having a prescribed number shares for trading in a first country, the first exchange-traded fund produced by delivery to an agent, in exchange for the prescribed number of shares of a

creation unit basket having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund that has shares traded on a second marketplace in a different country (Gastineau, Fig. 1, [0009] [0010] [0020] [0021]);

Gastineau fails to explicitly disclose:

determine a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant to allow the agent to deliver the second, number of shares in the second exchange-traded fund in lieu of the cash; and record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for cash.

Strauss discloses:

determine a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant to allow the agent to deliver the second, number of shares in the second exchange-traded fund in lieu of the cash (Strauss, pgs. 1-3); and record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for cash (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to determine a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant to allow the agent to deliver the second, number of shares in the second exchange-traded fund in lieu of the cash;

and record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 23:** Gastineau discloses a method for administering a first exchange-traded fund, the method comprising::

delivering from a participant to an agent a creation unit basket of securities for the first exchange-traded fund in exchange for a prescribed number of shares in first exchange traded fund, the shares for the first exchange-traded fund trading in a first country and the first exchange-traded fund having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund (Gastineau, [0001] [0002] [0003] [0004]);

Gastineau fails to explicitly disclose:  
determining a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant to allow the agent to deliver the second, number of shares in the second exchange-traded fund in lieu of the cash; and recording the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for cash.

Strauss discloses:  
determining a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant to allow the agent to deliver the

second, number of shares in the second exchange-traded fund in lieu of the cash (Strauss, pgs. 1-3); and recording the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for cash (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide determining a number of shares in the second exchange-traded fund to account for cash that is owed by the agent to the participant to allow the agent to deliver the second, number of shares in the second exchange-traded fund in lieu of the cash; and recording the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund to account for cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claims 2 and 8:** Gastineau in view of Strauss disclosed the claimed method/computer program product supra and Strauss further discloses the method/computer program product comprising: calculating the amount of cash needed to be exchanged between agent and the participant to have first fund equate to second fund at the NAV at the close of trading in second country to determine the cash that may be owed by the agent (Strauss, pgs. 1-3).

**Re Claims 3 and 9:** Gastineau in view of Strauss disclosed the claimed method/computer program product supra and Strauss further discloses the method/computer program product wherein if the cash is a positive amount the agent at its option can instead issue shares in the second country fund in lieu of cash (Strauss, pgs. 1-3).

**Re Claims 4 and 10:** Gastineau in view of Strauss disclosed the claimed method/computer program product supra and Strauss further discloses the method/computer program product wherein a small amount of cash may be required to be exchange in either direction to equate the first country shares and second country shares (Strauss, pgs. 1-3).

**Re Claims 5,6 and 11:** Gastineau in view of Strauss disclosed the claimed method/computer program product supra and Strauss further discloses the method/computer program product wherein the agent sets a maximum cash amount that it will give to participants (Strauss, pgs. 1-3); and wherein transactions that exceed the maximum amount will result in issuance of the second fund shares along with the prescribed amount of first fund shares (Strauss, pgs. 1-3).

**Re Claim 17:** Gastineau in view of Strauss discloses the claimed computer program product supra and Strauss further discloses determine a prescribed number of shares in the first product to the market participant in exchange for the creation unit basket (Strauss, pgs. 1-3).

**Claims 13, 19 and 22** contain features or limitations recited in Claims 2 and 8, therefore they are rejected under the same rationale.

**Claims 14,20 and 25** contain features or limitations recited in Claims 3 and 9, therefore they are rejected under the same rationale.

**Claims 15,21 and 26** contains features or limitations recited in Claims 4 and 10, therefore they are rejected under the same rationale.

**Claims 16 and 22** contain features or limitations recited in Claims 5,6 and 11, therefore they are rejected under the same rationale.

***.Response to Arguments/Remarks***

**IDS**

Withdrawn in light of submissions on 10/31/07.

**Double Patenting**

Terminal Disclaimer has not been filed.

**Claim Objections**

See discussion supra

**112**

See discussion supra

**103**

Applicant's arguments have been fully considered but they are not persuasive.

**103 Prior Art**

The claimed invention would have been obvious to one of ordinary skill in the art. The concept of exchange-traded funds was old and well-known at the time the invention was made. See citation *supra* for Gastineau.

The concept of in-kind purchase and redemption with respect to exchange-traded funds was old and well-known at the time the invention was made. In exchange for a given creation unit for a fund, a number of shares plus/minus a cash component could be exchanged, such that the values exchanged are equal. Furthermore, it was old and well-known that this purchase and redemption occurred at net asset value. See citation *supra* for Strauss.

As suggested by Strauss allowing for purchase and redemption at net asset value helps to close any gap that may exist between the market price of the shares and the net asset value, which can be closed through arbitrage.

Applicant argues, that it is non-obvious that when the creation unit basis between the first fund and the second fund are the same (or nearly the same) and when the net asset value is taken at the same time, that shares in the second fund could also be used. It is noted that this is also obvious in light of the teachings of Gastineau and Strauss. This is also a type of in-kind exchange that is common in fields related to bartering, trading and exchanges. The idea that something (i.e., usually other than money) that is an equivalent or near equivalent (i.e., in value, use etc.) can be given as an alternative or replacement for something else.

Applicant argues the term "substantially" is not indefinite

The term "substantially" remains indefinite. The cited portions of applicant's specification define or liken the term "substantially" to "preferably essentially identical to." The term "essentially" however, is also a relative term. Defining a relative term by using another relative term fails to cure the claim indefiniteness. Similarly, the reference in applicants remarks that substantially is "akin to about" is also ineffective because the term "about" is also a relative term.

#### Intended use

See discussion supra regarding claim interpretation.

#### Automation

It is not 'invention' to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result. *In re Venner*, 120 USPQ 192 (CCPA 1958) *In re Rundell*, 9 USPQ 220

#### Hindsight

In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

#### Documentary Evidence

Although Examiner disagrees with applicant's assertion that a rejection was made on the basis of Official Notice, it is noted that support may be found in Strauss supra as first noted in the office action 07/24/07. Also, applicant may review the references made of record but, not relied upon in the office action 07/24/07 as additional support.

Suggestions made by Examiner

Any suggestions made by the Examiner have been for the purpose of assisting the applicant in claiming the invention in a manner that may be clearly understood and to help identify, if possible, any differences between applicant's invention and the prior art. It is not improper to make these suggestions and it is applicant's choice whether or not to address or resolve the issues, objections and rejections identified.

NOTE: Please review and edit the substantial grammar, 112 and inconsistent terminology problems prior to submitting your next response.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

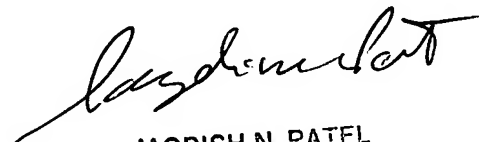
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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SMC



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